

SUBCOMMITTEE NO. 4

Agenda

Mike Machado, Chair
Christine Kehoe
Tom McClintock



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9:30
Room 112

<u>Item</u>	<u>Department</u>	<u>Page</u>
5225	Department of Corrections and Rehabilitation	1

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5225 Department of Corrections and Rehabilitation

Effective July 1, 2005, all the agencies that previously reported to the Youth and Adult Correctional Agency were consolidated in to the Department of Corrections and Rehabilitation (CDCR) pursuant to the Governor's Reorganization Plan 1 of 2005 and Chapter 10, Statutes of 2005 (SB 737, Romero).

The mission of the California Department of Corrections and Rehabilitation (CDCR) is to improve public safety through evidence-based crime prevention and recidivism reduction strategies. The CDCR is organized into twelve programs: Corrections and Rehabilitation Administration; Corrections Standards Authority; Juvenile Operations; Juvenile Education, Vocations, and Offender Programs; Juvenile Parole Operations; Juvenile Health Care Services; Adult Operations; Adult Parole Operations; Board of Parole Hearings; Community Partnerships; Adult Education, Vocations, and Offender Programs; and Correctional Healthcare Services.

Budget Proposal. The budget proposes total expenditures of \$8.1 billion (\$7.8 billion General Fund and \$241 million other funds) and 60,966 positions for the CDCR. This represents an increase of \$364 million (\$383 million General Fund), or about 4.7 percent, and 2,357 positions above the revised 2005-06 budget. The Table, highlights the expenditures for the major programs within the CDCR for the current year and the budget year.

CDC – Summary of Program Expenditures				
Program	<i>Expenditures (dollars in thousands)</i>			Percent
	2005-06	2006-07	Change	Change
Administration	\$208,681	\$243,649	\$34,968	16.8%
Corrections Standard Authority	263,196	244,514	-18,682	-7.1%
Juvenile Operations	178,589	176,337	-2,252	-1.3%
Juvenile Education and Programs	138,523	179,404	40,881	29.5%
Juvenile Parole	40,468	38,734	-1,734	-4.3%
Juvenile Healthcare	56,135	62,119	5,984	10.7%
Adult Operations	4,713,759	4,868,653	154,894	3.3%
Adult Parole	717,983	693,504	-24,479	-3.4%
Board of Parole Hearings	85,416	89,493	4,077	4.8%
Community Partnerships	1,858	7,727	5,869	315.9%
Adult Education and Programs	236,608	271,376	34,768	14.7%
Adult Healthcare	1,052,898	1,182,755	129,857	12.3%
Total	\$7,694,114	\$8,058,265	\$364,151	4.7%
Total Authorized Positions	58,608.8	60,966.2	2,357.4	4.0%

Historical Funding for Adult Corrections

The Table below highlights historical expenditures by program for CDCR and for adult operations within the CDCR. CDCR Administration now includes some administrative expenditures for all of the programs within CDCR, including juvenile operations, and for the Corrections Standards Authority and the Board of Parole Hearings. Generally, the increases for adult operations have exceeded the total increases for the departments within CDCR. Expenditures for adult operations have grown from \$5.3 million in 2002-03 to proposed expenditures of \$7.3 billion in 2006-07.

CDC and Adult CDCR Summary of Program Expenditures					
Program	<i>Expenditures (dollars in thousands)</i>				
	2002-03	2003-04	2004-05	2005-06*	2006-07**
Institution Program	\$3,978,641	\$4,274,143	\$4,500,235		
Health Care Services Program	878,941	967,832	1,053,124		
Inmate Education Program		-	162,178		
Community Correctional Program	477,424	575,093	562,132		
Administration	136,208	130,676	142,926		
Distributed Administration	-136,208	-130,676	-142,926		
State Mandated Local Program	1	1	1	0	
CDCR Administration				208,681	243,649
Adult Operations				4,713,759	4,868,653
Parole Operations – Adult				717,983	693,504
Community Partnerships				1,858	7,727
Education, Vocation, & Offender Programs				236,608	271,376
Correctional Healthcare Services				1,052,898	1,182,755
Total	\$5,335,007	\$5,817,069	\$6,277,669	\$6,937,787	\$7,267,664
Change		\$482,026	\$460,600	\$660,118	\$329,877
Percent		9.0%	7.9%	10.5%	4.8%

* Estimated

** Proposed

The next Table highlights the average cost per adult inmate, as calculated in the Governor's Budget display. The average cost has been steadily increasing for the last several years.

Table 5. Average Cost per Inmate at CDCR As Calculated in the Governor's Budget Display							
1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06*	2006-07*
\$22,737	\$25,307	\$27,705	\$28,654	\$31,288	\$34,263	\$34,150	\$35,587

* Projected

CDCR 2006-07 Budget Adjustments proposed for Vote-Only			
<i>(dollars in thousands)</i>			
	Issue	Positions	Dollars
A	Adult Local Assistance. Proposes an increase to reimburse locals for housing and non-routine medical costs of parolees who are detained for parole violations. In the current year, CDCR has proposed an increase of \$85.1 million.		11,853
B	Equipment Replacement. Proposes \$400,000 to replace aging and outdated equipment. In the budget year, funds would be used to replace outdated Live Scan equipment.		400
C	Electromechanical Doors. Proposes \$3 million in 2006-07 and \$7.3 million in 2007-08 to continue the electromechanical security door operating and locking system repair project that was initially approved in 2001-02. This funding will allow CDCR to continue to replace/repair existing cell door operating systems at various institutions.		3,000
D	Inmate Restitution, Banking, and Canteen System. Proposes \$3.5 million from the Inmate Welfare Fund. These funds will be used for the purchase of hardware and software for the Inmate Restitution, Banking, and Canteen System. (Special Fund)		3,500
E	Business Information System. Proposes a reduction of 7.1 positions and 2.9 million for the Business Information System (BIS) in the budget year. This is previously approved multi-year project.	-7.1	-2,944
F	Finance Letter – Business Information System Reappropriation. The Budget Act of 2005 appropriated \$10.1 million for the continued development of the BIS project. This proposal requests that \$4.2 million be reappropriated for the budget year.		
G	Price Increase. State agencies were provided a 3.1 percent price increase.		55,969
H	Kern Valley State Prison Base Staffing. Proposes \$4.6 million and 60 positions to provide additional base staffing for the Kern Valley State Prison.	60.7	4,579
I	Special Repair Projects and Assessments. Proposes a one-time augmentation of \$11 million to address special repair projects. Baseline funding for special repairs is \$11.5 million, while CDCR has reported that the unfunded special repair projects now exceed \$194 million. CDCR indicates that the augmentation represents the extent of the budget year activity that can be undertaken by CDCR.		11,000

CDCR 2006-07 Budget Adjustments proposed for Vote-Only			
<i>(dollars in thousands)</i>			
	Issue	Positions	Dollars
J	Finance Letter – Protective Vests. This Finance Letter proposes \$4.1 million in permanent funding to purchase new and protective vests (stab-resistant vests, ballistic vests, and/or combination vests. The proposed plan would allow CDCR to replace 20 percent of its vests annually (approximately 11,752), and to provide vests for new employees that have completed the Basic Officer Academy.		4,079
K	Finance Letter – Parole LEADS Modernization Reappropriation. This Finance Letter proposes to reappropriate \$4.1 million in funding to support the development, implementation, and maintenance of the Parole Law Enforcement Automated Data System (LEADS).		
L	Finance Letter - Madrid Compliance. Proposes positions and funding to support CDC's efforts to comply with the requirements of the Madrid court case. The required changes to the employee discipline process include implementation of a centralized case investigation process and expansion of a vertical advocacy model. Additionally, recent court orders have mandated staffing increases in the Madrid Patient Information Management System and the enhanced mental health services program in Administrative Segregation Units at Pelican Bay State Prison.	69.8	6,560

Staff Recommendation. Staff recommends approval of the items on the vote-only list.

Action.

Discussion Issues

1. Public Community Correctional Facilities

The CDCR has the authority to contract with outside agencies to provide beds and programming for low-level offenders. Currently, CDCR contracts with 12 Community Correctional Facilities (CCFs) to provide 5,308 beds for low level offenders. Of the twelve CCFs, six are operated by a city or a county.

As with other state agencies, for the current year, the CDCR received a 2.6 percent price increase on its OE&E budget. The budget proposes a 3.1 percent increase for the budget year. The public CCFs have indicated that they have been historically underfunded and are seeking to have the following budget bill language and trailer bill language adopted to ensure that price increases that the CDCR receives are passed on to them.

Budget Item 5225-001-0001

Provision X.

Of the funds appropriated in this item, \$55,969,000 is provided for the purpose of funding a 3.1 percent price increase on operating expenses and equipment for the department. Of that amount, the department shall provide a 3.1 percent increase in the contract amounts for public community correctional facilities.

Budget Trailer Language:

If the annual Budget Act includes additional funding to the Department of Corrections and Rehabilitation for a price increase on operating expenses and equipment, the Department of Corrections shall provide public community correctional facilities a contract increase commensurate with the rate of increase the Department received in the Budget Act.

Staff Comments. The CDCR indicates that for the current year, they have provided the public CCFs with a 2.6 percent increase on their budgets except for certain lease costs which are fixed. The CDCR has also indicated that they intend to provide the public CCFs with a similar increase in the budget year based on the 3.1 percent price increase.

Staff Recommendation. Staff recommends approval of the budget bill language ensuring that the increase is provided in the budget year. In order to avoid setting precedent for other contracts, staff recommends not adopting the trailer bill language. The Subcommittee can revisit this issue in future years to ensure that good faith negotiations are taking place.

Action.

2. Provisional Language

There are several pieces of provisional language in Budget Item 5225-001-0001 that are no longer necessary that the Subcommittee may wish to delete.

- Provisions 1 and 2 state that funding for population increases to the institution population or the parole population that are in excess of the populations that actually materialize shall revert to the General Fund. Several years ago, additional language allowing the Director of Finance to approve increases in expenditures to offset shortfalls in other areas was inserted.
- Provision 6 provides that upon approval of the Department of Finance, the CDCR may transfer funding of up to 5 percent of the total appropriated between the budget bill schedules for Adult Institution Operations, Adult Parole Operations, and Adult Healthcare Services. Section 26 of the Budget Bill allows for such transfers with notification to the Joint Legislative Budget Committee.
- Provision 9 allows the Director of Finance to authorize expenditures in excess of the amount appropriated for purposes of compliance with the Valdivia Remedial Plan. This language was originally added due to uncertainties in implementation of Valdivia.
- Provision 10 allows the Director of Finance to authorize expenditures in the Division of Juvenile Justice in excess of the amount appropriated for purposes of funding attorney's fees in the Farrell consent decree. CDCR has submitted an April Finance Letter related to these costs.

In Budget Item 5225-101-0001, provision 3 is no longer needed.

- Provision 3 allows the Director of Finance to authorize expenditures for the transportation and detainment costs for certain parolees in excess of the amount appropriated.

Staff Recommendation. Staff recommends deleting the above provisional language from the budget bill.

Action.

3. Private Community Corrections Facility (CCF) Security Enhancements.

Budget Request. This proposal requests 4.6 Correctional Sergeant positions and \$453,000 to provide three remote private-contracted CCF with a Correctional Sergeant position 16 hours a day, 365 days a year. A supervisory employee with peace officer powers could direct/deputize contract staff as necessary, thereby authorizing CCF staff to access the armory for lethal/less-than lethal weaponry.

Analyst's Recommendation. The LAO recommends deletion of the department's request for \$453,000 in the budget year to provide additional custody staff at three CCFs. The department requests these funds because of concern that limited state correctional staffing at CCFs contributed to recent inmate disturbances. The LAO recommends rejection of this request because they note that inmate disturbances at CCFs are infrequent. In fact, the LAO indicates that there have only been a total of five inmate disturbances at the three facilities targeted for these funds in the last five years (though they note that one of those facilities was closed for two years).

Staff Recommendation. Consistent with the LAO recommendation, staff recommends rejecting this proposal.

Action

4. Office of Risk Management.

Budget Request. The budget proposes 2 positions in 2006-07, position authority for 19 positions in 2007-08, and an additional 19 positions in 2008-09. The proposal indicates that funds for the positions and the contract dollars (\$300,000 annually through June 2009) will be identified in worker's compensation savings.

Staff Comments. The Table below summarizes the Workers' Compensation budget and expenditures since 2001-02. While expenditures are projected to increase in the current year, expenditures for 2004-05 were below expenditures for the two previous years, and expenditures continue to be below the budgeted level. It is not clear how these positions and contract dollars would be funded if the level of savings does not emerge.

CDC – Summary of Workers' Compensation Budget and Expenditures			
Fiscal Year	<i>Expenditures (dollars in thousands)</i>		
	Budget	Expenditures	Surplus/Deficit
2001-02	91,693	153,971	(62,171)
2002-03	168,940	171,769	(2,829)
2003-04	189,290	178,506	10,784
2004-05	186,659	168,326	18,334
2005-06 (projected) ^{1/}	191,410	183,175	8,235
2006-07 (estimated)	195,606		

1/ Projected expenditures as of January, 2006 Monthly Budget Plans. Actual 2005-06 final expenditures may be different due to settlement of cases.

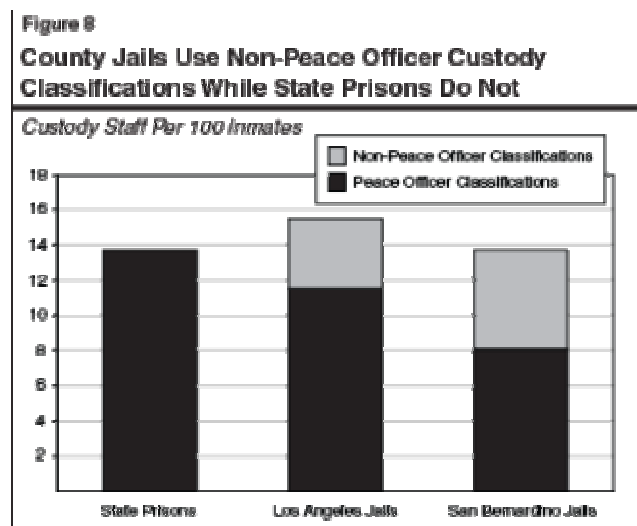
Staff Recommendation. It is not clear that enough savings will emerge to pay for the costs of all of the positions that are being requested. Staff recommends approval of the two positions in the budget year. Staff further recommends that the CDCR return with a new proposal justifying any additional positions in future years based on the work being performed in the budget year.

Action.

5. Use of Custody Assistants

In its Analysis of the Budget Bill, the LAO indicates that CDCR could improve prison operations and efficiency, as well as reduce state costs by utilizing a custody assistant classification similar to that used in some county jails.

Non-Peace Officer Custody Classification Used Widely in Some County Jails. The LAO reports that both Los Angeles and San Bernardino Counties use peace officers-deputy sheriffs-as the primary custody staff to supervise and manage the inmate population. However, the LAO notes that these counties also utilize non-peace officer staff to assist deputy sheriffs in the operation of the jails. Generally, these non-peace officer classifications-known as custody assistants in Los Angeles and sheriff's custody specialists in San Bernardino-have little direct contact with inmates, instead performing those custody-related duties that are not directly involved in the control of inmates. These duties include staffing employee entrances, reviewing videotape, working in control booths, and fingerprinting inmates. The Figure below from the *Analysis* shows the use of peace officer and non-peace officer custody staff in Los Angeles and San Bernardino jails compared to state prisons.



Improved Prison Operations. One of the recurring operational problems faced by the department is correctional officer vacancies in the prisons. As of March 2006, CDCR reported that there were 2,250 correctional officer positions vacant (vacancy rate of 9.7 percent). The LAO notes that in some prisons, as many as 16 percent of correctional officer positions are unfilled. In order to supervise and manage the inmate population, correctional officer posts are generally

required to be filled at all times. When vacancies occur, prisons frequently use overtime to keep the posts filled. According to department officials, the frequent use of overtime is not ideal for prison operations because officers working overtime are tired and more prone to mistakes, illness, and injuries.

Utilizing custody assistants in those institution assignments that do not require direct control of inmates would free up existing correctional officers to permanently fill vacancies. For example, the LAO points out that by reclassifying 25 positions at each of the 33 prisons, the department would free up enough correctional officers to fill 825 (or 47 percent) of its vacant positions. Filling these vacancies could result in improved prison operations to the extent that officers are more alert because they are working less overtime. The LAO also notes that addressing the vacancy problem is particularly important because correctional staff are due to receive an enhanced retirement benefit (3 percent at 50) under the Bargaining Unit 6 contract.

Improved Efficiency. The LAO indicates that correctional officers in CDCR are specifically trained to perform potentially dangerous work such as respond to emergencies and enforce department rules and regulations. Accordingly, using correctional officers in posts that do not require these skills on a daily basis does not allow the department to use its peace officers to their fullest capacity. The LAO notes that converting some posts to custody assistants would provide for greater efficiency by more closely matching the necessary level of custodial skills with the responsibilities of the posts.

State Operations Savings. In its Analysis, the LAO notes that conversion of some custody positions in prisons to custody assistants would result in state savings in a couple of ways. First, salaries and benefits for custody assistants would be less than correctional officers because custody assistants would have a lower level of duties and risk associated with working with inmates. In Los Angeles County, for example, the average annual salary for custody assistants is approximately \$15,000 lower than the average annual salary for deputy sheriffs. The actual employee compensation savings that would be achieved by the state from converting correctional officer positions to custody assistants would depend on the difference in salaries and benefits, as well as the number of positions converted. For example, assuming that custody assistants earned a salary \$15,000 lower than correctional officers, converting 25 positions to custody assistants in each of the 33 prisons-about 4 percent of all correctional officer positions-would save over \$12 million annually in salary costs. This does not include additional savings in health care, workers' compensation, and retirement from lower salaries and benefits likely to be earned by custody assistants.

Second, to the extent that utilizing custody assistants would reduce correctional officer vacancies as described above, the department would experience a commensurate decline in overtime costs for correctional officers. Correctional officers earn overtime pay at 1.5 times their normal pay. In 2004-05, the department paid about \$203 million in overtime costs for correctional officers. The reduction in correctional officer overtime might also contribute to fewer on-the-job injuries, sick leave, and workers' compensation costs. The department paid over \$200 million for workers' compensation in 2004-05.

Analyst's Recommendation. In order to achieve the operational and fiscal benefits described above, the LAO recommends that the Legislature instruct CDCR to immediately begin the process required to develop a custody assistant classification for use by 2007-08. In order to provide legislative oversight and ensure that the department meets this requirement, the LAO further recommends that the Legislature adopt budget bill language requiring the department to provide a report on which posts will be reclassified to custody assistants. The following budget bill language is consistent with this recommendation:

5225-001-0001 Provision X. The Department of Corrections and Rehabilitation shall immediately begin the process of developing a non-peace officer, custody classification to be used in state prisons called custody assistants. No later than January 10, 2007, the department shall submit to the Chair and Vice Chair of the Joint Legislative Budget Committee, and the Committee on Budget in both the Assembly and Senate, a report identifying the number and type of posts in each of its correctional facilities that it plans to convert to custody assistant positions, as well as when the conversions will occur. *The report shall also include information on the proposed qualifications for the job and the specifications for the class.*

Staff Comments. CDCR has indicated they may not be able to have the requested information by January 2007. Staff recommends approval of budget bill language that also asks CDCR to report with additional information on the specifications for the new class that includes the qualifications and other selection standards.

Action

6. Basic Correctional Officer Academy Expansion.

Budget Request. The budget proposes \$54.5 million and 211 positions to expand the number of cadets to be trained in the budget year and establishes Northern California Women's Facility as a temporary offsite academy. In the current year, the CDCR has proposed \$25.4 million and 88.7 positions to begin expansion of the academy.

This augmentation allows the CDCR to enroll 3,700 cadets annually. As of March 2006, CDCR reported that it had 2,250 correctional officer vacancies and a vacancy rate of 9.7 percent. The vacancy rate for correctional officers has been increasing in the last several years, from 2 percent in 2002-03.

Analyst's Recommendation. The LAO recommends approving the increase on a one-time basis based on its recommendations to develop a custody assistant classification by 2007-08. The LAO believes that the future capacity of the BCOA would depend on a number of factors, including changes in the number of authorized positions due to population and policy changes, staff attrition due to retirement and other factors, as well as the department's potential use of custody assistants. The CDCR should identify its projected correctional officer cadet need for 2007-08 based on these factors in the Governor's 2007-08 proposed budget.

Staff Recommendation. Staff recommends approval of the proposal.
Action.

7. GPS Monitoring Expansion.

Budget Request. The budget proposes \$5.1 million to add 500 Global Positioning System (GPS) devices to track and monitor high risk parolees. This is part of a four-year plan to add 2,000 GPS devices, bringing the total number of GPS units to 2,500 by 2009-10. Total costs for the program would increase to \$18.6 million in 2009-10.

Analyst's Recommendation. The LAO recommends the deletion of the department's request to expand its use of GPS for tracking sex offenders and other parolees. By 2009-10, this proposal would provide funding for an additional 2,000 GPS units and other equipment, as well as increased parole agent staffing. The department began implementing GPS supervision for the first time in the current year for 500 sex offender parolees. The LAO notes that because this is a new technology for the department and because there is little research evaluation on GPS nationwide, the department is having its current GPS program evaluated by University of California researchers to determine its effectiveness. The LAO believes it is appropriate to wait until the pilot project and its evaluation have been completed before committing to significant program expansions. According to CDCR, the evaluation is expected to be completed in August 2007.

Staff recommendation. Staff recommends approval of the proposal.

Action.

8. Gang Management.

Budget Request. The budget proposes \$200,000 in contract funding to facilitate the formation of a Gang Management Workgroup to include recommendations from consultants identified as nationally recognized gang experts to address comprehensive plans for inmate housing, classification, discipline, and gang management.

Analyst's Recommendation. The LAO recommends rejection of CDCR's request for \$200,000 to enter into a contract related to gang management. While the LAO agrees with the department's assessment that it could benefit from improved gang management strategies, the LAO is concerned that the department has not provided sufficient detail regarding the nature of the proposed contract. In its *Analysis*, the LAO indicates that it is unclear whether the purpose of these funds would be to research best practices in other states, develop new punishments for gang members, implement rehabilitation programs, create staff training tools, or some combination of the above. Without a clear plan as to the intent of the contract, it remains unclear what specific benefit will be achieved with the requested funds.

Staff Recommendation. Given the problems of gangs in the prisons, staff recommends approval of the funding, but also that the Legislature direct CDCR to provide the Legislature with a report that includes the recommendations from the proposed Gang Management Workgroup and the recommendations from the experts that it will be contracting with.

Action.

9. Electronic In-Home Detention Program.

Budget Request. Proposes \$1.2 million and 12 positions to fund the Electronic In-Home Detention (EID) program (passive monitoring system). The proposal includes funding to implement, distribute, and monitor 500 EID units statewide to provide an additional supervision tool.

Staff Recommendation. The Subcommittee may wish to get an update on the implementation of the EID program, whether it is being used in conjunction with other parole programs, and whether the program is considered responsive to issues raised by the Valdivia court regarding intermediate sanctions.

Action.

10. Substance Abuse Program (SAP)

Through the Office of Substance Abuse Programs (OSAP), CDCR has 9,001 in-prison substance abuse treatment slots. In addition to the in-prison treatment slots, the Legislature provides funding in the budget for residential community aftercare for 50 percent of the in-prison treatment program graduates.

In recent years, the SAP programs have expended less than the budgeted amount. In 2003-04, the budget for OSAP was \$122.6 million and expenditures for the program were \$100.8 million. The remaining \$21.8 million was used to offset other shortfalls in the department. For 2004-05, the program did not expend \$13.2 million, which was used to offset other shortfalls in the CDCR budget. For the current year, the CDCR is proposing that savings of \$7.8 million from the program be used to offset other shortfalls.

Allotment and Expenditures for the OSAP Program (dollars in millions)

Year	Allotment	Expenditures	Surplus/Deficit
2003-04	\$122.6	\$100.8	\$21.8
2004-05	129.5	116.3	13.2
2005-06	101.6	93.8	7.8

Informational Issue

11. Recidivism Reduction Strategies.

Proposes funding to expand various inmate and parole programs designed to reduce re-offending and recommitment to state prison. The proposal (including \$30 million approved in the 2005 Budget Act) includes \$21.1 million for enhancements to inmate education and vocational education programs; \$7.7 million for community partnerships; \$7.8 million for parole services expansions, \$9.9 million for institution based rehabilitative and treatment programs; and \$6.2 million to research the effectiveness of correctional programs. The 2005 Budget Act included \$7.5 million for the current year, growing to \$30 million in 2006-07.

Inmate Education. In the current and budget years, the single largest component of the department's request is for expansion of inmate education programs. Among other things, the department would assess inmate education needs, increase the availability of academic and vocational programming in prisons, and provide new books and educational equipment. The department proposes to increase funding for inmate education by \$2.6 million in the current year, growing to \$26.1 million by 2008-09. The latter amount represents a 16 percent increase over estimated expenditures for inmate education in 2004-05. The department's inmate education funding request includes about 20 different components. The major components of this request below, which account for 40 percent of the new proposed educational funds in the budget year are summarized below.

Needs Assessment. The department's proposal includes \$675,000 in the current year, growing to \$5.4 million in 2008-09 to develop a needs assessment tool, as well as provide the staffing necessary to administer the test and process the results. According to the department, prisons do not have a systematic way to assess inmates' treatment needs, including diverse factors such as education, substance abuse, mental illness, anger, and parenting.

Specialized Education for Some Inmates. The budget includes a total of \$454,000 in the current year, growing to \$2.4 million in 2008-09 to develop and provide specialized education programs to certain inmates. This includes funding to develop a specialized curriculum for female inmates. In addition, the department proposes to implement education programs in housing units for inmates with serious mental illness, as well as those who have disciplinary problems.

Expanded Vocational Programs. Approximately \$2.8 million will be used to establish 19 new vocational programs in prisons throughout the state beginning in the budget year. The department has not yet identified what types of vocational programs will be implemented or in which prisons.

Alternative Education Delivery Models (AEDM). The department proposes \$674,000 in the current year, growing to \$7.0 million in 2008-09 to implement AEDM. According to the department, AEDM consists of providing alternative approaches to academic education in prisons. For example, the department would expand on its limited use of distance learning, independent study, and half-day education programs.

Rehabilitative Programs. Under the department's request, institutions would provide more rehabilitative programming through the development of services to increase inmate visiting, reduce serious inmate misconducts, as well as provide comprehensive correctional services specific to female inmates. The department proposes \$100,000 in the current year, growing to \$4.3 million in 2008-09 for six rehabilitative programs. We describe four of the components of this request below.

Female Offender Housing and Rehabilitation. The department proposes \$100,000 in the current year, growing to \$2.3 million in 2008-09 to implement various programs and conduct research specific to female inmates. This would include providing substance abuse programming for women at a community correctional facility, implementing a family reunification program, and contracting with experts in the field to develop policies, classification, and program services designed for women offenders.

Estelle Transitional Program. This program would be designed to prepare inmates in Security Housing Units and the Psychiatric Services Unit-for inmates with histories of serious in-prison disciplinary problems-for transition back to general population housing units. This program is estimated to cost \$360,000 for equipment costs in the budget year and \$2.2 million in 2007-08 to operate the program.

Additional Visiting Day Pilot. Beginning in the budget year, the department requests \$1.6 million to establish an additional day of visiting at three institutions.

Right Prisons, Right Missions. The department requests \$745,000 in the budget year, decreasing to \$395,000 in subsequent years to develop and implement its "Right Prisons, Right Missions" (RPRM) strategy. The RPRM is an effort recently begun by CDCR to assess which prisons are best suited for different types of inmates based on factors such as prison design and age, staffing issues, and inmate demographics and rehabilitative needs. For example, CDCR is attempting to determine which prisons are most able to accommodate the department's increasing mental health population in light of difficulties recruiting mental health staff in some areas, as well as the ability to provide treatment space. This request would provide one-time funding of \$350,000 in the budget year to hire subject matter experts to develop an implementation plan for RPRM. In addition, the department requests ongoing funding of \$395,000 beginning in the budget year to form compliance teams to ensure the successful implementation of RPRM. Implementation of this strategy may require significant changes to the missions and programs at individual prisons, as well as the transfer of many inmates within the state.

Treatment Programs. The department's proposal includes \$1 million in the current year, growing to \$3.8 million in 2008-09 for treatment programs. Most of this funding would be used to implement a new substance abuse program at Kern Valley State Prison. The remaining \$100,000 in the current and budget years would be to contract with outside experts to research and develop in-prison treatment programs for mentally ill, dually diagnosed (with both mental health and substance abuse issues), and sex offender inmates.

Parole Services. By 2008-09, about half of the funding requested in this proposal will be for parole services. This funding would be used to develop new, and expand existing, community-based housing and services for parolees such as homeless parolees and sex offenders. The

department is proposing \$1.5 million in the current year, growing to \$48.1 million in 2008-09. The three primary components of this proposal are described below.

Residential Multi Service Centers (RMSC). Currently, the department uses RMSCs to provide housing, as well as a variety of other services, for parolees who would otherwise be homeless. The department is currently budgeted for 775 RMSC beds. This proposal would add 1,250 new beds by 2008-09 at an annual cost of \$22.3 million when fully implemented.

Community Based Coalition. The department proposes \$1.5 million in the current year, growing to \$22.7 million in 2008-09 to partner with counties to provide various services to parolees to assist them in the successful reintegration into communities. According to the department, this funding would be used to contract with counties to provide services such as housing (600 beds), vocational development, and job placement.

Sex Offender Housing. Currently, the department does not provide housing specifically for sex offender parolees. Under this proposal, the department would spend \$2.2 million annually beginning in the budget year to contract for housing for 80 sex offender parolees.

Division of Community Partnerships. The department's budget includes \$1.9 million in the current year, growing to \$7.7 million in subsequent years to establish the CDCR Division of Community Partnerships. This proposal would establish nine positions to develop collaborations with counties and community groups, as well as administer a few million dollars in grants. According to the department, the focus of this office would be to promote reentry services for inmates as they reenter communities.

Research and Implementation. In order to accomplish its goal to develop evidence-based practices and programs, the department proposes \$195,000 in the current year, growing to \$4.7 million in 2008-09 for research and evaluation. This funding would increase CDCR research staff, fund research contracts with outside researchers, and update departmental information technology (IT) systems to incorporate program data.

Training and Development. The department requests \$500,000 in the budget year and \$1.5 million in 2007-08 for training. The department's request does not specify how these funds will be utilized.

Support Services. The department proposes \$200,000 in the current year, growing to \$600,000 in 2008-09 for seven positions. According to the department, these legal, IT, accounting, and management staff are the minimum necessary to provide sufficient support to ensure the success of the various program initiatives in this proposal.

Analysts Concerns. The LAO believes that the department's request has merit in that it attempts to address major programmatic deficiencies that contribute to recidivism. For example, several of the proposals attempt to address common problems among offenders-low literacy and job skills, substance abuse, and housing instability upon return to the community. In addition, the needs assessment and evaluation components of this request are meant to address the department's limited ability to determine the programmatic needs of inmates and assess CDCR's ability to address those needs while incarcerated. Despite these positive aspects of the proposal, the LAO raised significant concerns with this request related to the following:

- Limited Detail Provided.
- Department Does Not Identify State Benefits.
- Too Much, Too Quickly.

In addition, the LAO outlined a number of operation issues that could make the limit the effectiveness of the proposals.

- Lockdowns.
- Staff Vacancies.
- Current Funding Structure.
- Fewer Incentives to Participate in Education Programs than Other Programs.

Analyst's Recommendations.

Inmate Education (-\$15,370,000). The LAO believes that in general inmate education programs can significantly reduce the likelihood that inmates return to prison. However, they are concerned that several of the department's funding requests related to education programs lack detail. Specifically, the department's proposals to expand vocational and life skills education, utilize alternative delivery models, and pilot a Behavior Modification Unit all lack important implementation details, including curriculum, number of inmate participants, and types of inmates targeted for the programs. Moreover, the LAO notes that the CDCR has not provided the research-based evidence for the above specific program approaches, as well as its peer education proposal. Finally, the department's proposal lacks detail on how it calculated its funding needs for standardized textbooks, library staffing, and program accountability and training.

Rehabilitative Programs (-\$2,169,000). The LAO indicates that several components of this proposal lack the necessary detail to justify the requested funds. The department does not provide much information on what the Offender Mentoring Program would do or achieve, particularly given the limited scope envisioned-with only 100 inmate participants each year. The Estelle Transitional Program would be designed to promote successful reentry for inmates with disciplinary problems. While the LAO has recommended the use of reentry programs in the past, the department has not provided evidence-based research demonstrating that this particular model has been used successfully elsewhere. Further, the LAO does not believe that the funds for the RPRM compliance teams are warranted in the budget year. The department is requesting funds in the budget year to both develop and implement its plan by using compliance teams. The LAO suggests that the compliance teams, if necessary, would be better utilized in 2007-08, after that plan is developed. The LAO also recommends against funds to develop policies and practices for the Behavior Modification Unit. The CDCR has existing staff in headquarters and institutions who are responsible for developing policies and procedures for the department and that the workload can be done by existing staff. Finally, the LAO recommends a reduction in the Day Visiting Program of \$1.3 million due to an overestimate of the number of positions that will be necessary to operate the extra day of visiting in the three prisons.

Treatment (-\$50,000). The LAO recommends rejecting the department's requests for funds for two \$25,000 contracts with outside researchers related to behavior management and substance abuse programs for mentally ill patients. Given the small size of these contracts and their limited

scope, the LAO believes such research can be conducted by the department's existing mental health staff in conjunction with the newly established staff in the department's research office.

Parole (-\$2,500,000). The LAO recommends limiting the department's funding for the Community Based Coalition to current-year funding of \$1.5 million, rather than the proposed increase to \$4 million. The department proposes this new program as a pilot program, yet proposes to grow the program in each of the next three years. The LAO believes it would be more appropriate to wait until the department has assessed the impact of the current-year program, particularly given the limited amount of information provided by the department regarding the specific nature of the state and local partnership, as well as what specific services will be provided with state funds.

Division of Community Partnerships (-\$5,100,000). In recognition of the importance of collaborative efforts between state and local governments in the area of criminal justice, the LAO recommends approval of most of the limited staff requested for the Division of Community Partnerships. However, the LAO raised concerns that the department has not provided significant detail as to how it intends to administer the proposed grants to local governments and community groups. In addition, most of the department's staff in the division will not begin until the budget year, raising a concern that the office will not be in a position to review grant requests and administer all grant funding at the start of the budget year as the request assumes. Therefore, the LAO recommends reducing the request for community partnerships by \$5 million.

Research and Implementation (-\$2,149,000). Part of the department's request for research funding is \$2.1 million and 13.5 positions for project managers and to incorporate program data into existing information systems used to create population projections. The LAO is concerned that the department's request does not include any information on how it calculated its need for this level of funding and staffing, and also notes that it is unclear how this portion of the request benefits rehabilitation programs.

Training and Development (-\$500,000). The LAO indicates that the department's request includes little information on how it plans to utilize these funds. The department states that this component of the proposal would address workforce and training needs, but does not specify what those needs are or how the funds provided will address those needs.

Support Services (-\$595,000). The department requests funds for seven administrative staff to help support expanded rehabilitation programs. While additional support services may be warranted, the LAO indicates that the department has not provided a workload analysis to justify this level of staffing.

The Table below summarized the LAO recommendations.

California Department of Corrections and Rehabilitation Recidivism Reduction Proposal LAO Recommendations—2006-07			
<i>(In Millions)</i>			
Issues	Governor's Request	LAO Recommended Funding Level	Savings
Inmate education	\$21.1	\$5.8	\$15.4
Rehabilitative programs	6.0	3.9	2.2
Treatment	3.9	3.8	0.1
Parole programs	7.8	5.3	2.5
Community partnerships	7.7	2.6	5.1
Research and implementation	5.1	3.0	2.1
Training and development	0.5	—	0.5
Support services	0.6	—	0.6
Totals	\$52.8	\$24.4	\$28.4

In addition, given our concerns regarding the ability of the department to implement so many program initiatives at one time, the LAO recommends that the Legislature only approve the funding request for the budget year and not the additional increases assumed for 2007-08 and 2008-09. The detail for the next round of program expansions should be identified with the release of the Governor's 2007-08 budget plan. At that time, CDCR could present the status of program expansions initiated in the current and budget years, allowing the Legislature to determine which further program expansions are warranted.

Staff Recommendation. Staff recommends holding this issue open at this time.

Action.

12. Adult Corrections Population

The table below shows the historical adult institution and parole populations since 1999 and the projected population increases through 2011. In the period between 1999 and 2005, the population remained stable, increasing from 162,064 to 164,179. The population has begun to increase steadily since that time, with the population projected to increase to 181,474 by 2011.

Table 17. Historical & Projected Adult Institution and Parole Populations (as of June 30th of each year)						
Year	Institution Population	Change	Percent Change	Parole Population	Change	Percent Change
1999	162,064			112,494		
2000	162,000	(64)	0.0%	119,298	6,804	6.0%
2001	161,497	(503)	-0.3%	119,636	338	0.3%
2002	157,979	(3,518)	-2.2%	120,336	700	0.6%
2003	160,931	2,952	1.9%	116,173	(4,163)	-3.5%
2004	163,500	2,569	1.6%	112,685	(3,488)	-3.0%
2005	164,179	679	0.4%	115,371	2,686	2.4%
2006*	168,583	4,404	2.7%	115,920	549	0.5%
2007*	172,019	3,436	2.0%	116,847	927	0.8%
2008*	174,994	2,975	1.7%	117,125	278	0.2%
2009*	177,747	2,753	1.6%	117,447	322	0.3%
2010*	179,789	2,042	1.1%	118,772	1,325	1.1%
2011*	181,474	1,685	0.9%	119,967	1,195	1.0%

* Projected in Fall 2005 projections

Fiscal Implication in January Budget. As a result of the projected increase in the adult inmate and parole populations, CDCR is requesting additional funds of about \$89 million in the current year (\$59 million in prison and parole costs and \$30 million in payments to counties for jail beds), growing to \$149 million in the budget year (\$138 million for prisons and parole and \$12 million for county jail beds).

Analyst's Recommendation. The LAO withholds recommendation on the 2006-07 budget request for caseload funding pending receipt of the May Revision because recent data indicate that the population is trending higher than the department's projections.

Staff Recommendation. Staff recommends holding open this issue pending the May Revision population adjustment proposal.

Action

13. Population Management.

Housing the Projected Growth in Inmate Population. The Governor's budget proposes an inmate housing plan to accommodate the additional 7,840 inmates that CDCR expects to receive by the end of the budget year. The plan has the following major elements:

Full Activation of Kern Valley State Prison. The CDCR will fully activate a new prison in Delano County that opened in spring 2005. By spring 2007, the prison will be able to hold an additional 4,600 inmates compared to the beginning of the current year.

Community Correctional Facilities. The CDCR would occupy about 5,300 community correctional facility beds, an increase of almost 600 beds from the end of 2004-05. In addition, the Governor's proposed budget includes budget bill language allowing the department to contract for up to 8,500 additional beds from this source beginning in 2007-08.

Overcrowding of Existing Prison Space. The housing plan assumes that, by the end of the budget year, an additional 2,600 inmates would be placed in gymnasiums, dayrooms, and dorms in CDCR prisons that are intended to be temporary housing.

Information Issue

14. Authority to Contract for Adult Beds.

Budget Request. The budget proposes budget bill language to authorize CDCR to contract with providers to build contract bed capacity of up to 8,500 beds, including 4,000 male beds and 4,500 female beds for the 2007-08 fiscal year.

Staff Comments. The Subcommittee may wish to consider this proposal in the context of other population management and plans of the department.

Action.

15. Finance Letter In-Cell Integration.

Budget Request. The budget proposes \$5.9 million and 30 positions in the budget year and \$1.6 million of ongoing funding to fund staff, physical plant, and training and equipment expenses necessary for statewide implementation of in-cell integration as required in the settlement agreement for the *Garrison Johnson v. State* lawsuit. The proposal includes providing modular units so that interviews with incoming offenders to determine eligibility for in-cell racial integration can be done in a private area and positions to input data regarding an offender's integration eligibility. The plan for Phase I is to finalize the plan and the information technology modifications, develop training and new policies. Phase II will begin in July 2007 with partial in-cell integration, and Phase III to begin full in-cell integration would begin in July 2008.

Staff Recommendation. Staff recommends approval of the Finance Letter.

Action

16. Finance Letter – Enterprise Information Services Division Corrective Action Plan.

Budget Request. The budget proposes 5 positions and \$2.2 million to address deficiencies described by the Department Of Finance in their assessment report of CDCR's IT activities.

Staff Recommendation. Staff recommends that the department update the Subcommittee on the DOF assessment report and the proposed corrective action plan.

Action

17. Inmate Dental Services.

Budget Request. The administration presents a three-year funding proposal in response to the lawsuit. (The administration indicates that it will request additional resources in 2009-10 to implement the policies and procedures at institutions for the final three years of the six-year rollout period.) The amount requested for the budget year is \$21.5 million and 326 positions. The request consists of 285 prison positions, mostly dentists and dental assistants, to be phased in throughout 2006-07 at a cost of \$13.1 million. The budget also proposes \$3.5 million for 41 headquarters positions to provide oversight of the dental rollout. In addition, the budget requests \$1.2 million in one-time contract funding to determine which prison dental clinics will need to be expanded in order to comply with the settlement agreement, as well as \$3.7 million in one-time funding to acquire dental equipment such as dental chairs and x-ray equipment.

The ongoing annual cost of the three-year funding proposal is estimated to be \$42 million (an increase of 95 percent from current costs) with an additional commitment of 597 staff for this activity (an increase of 144 percent from current staffing). The current inmate dental program consists of \$44 million and about 415 positions.

Background. In December 2005, *Perez v. Hickman* was filed in federal court contending that CDCR was in violation of the Eighth amendment of the United States Constitution by providing inadequate dental care to prison inmates. Some specific examples of key issues raised in the *Perez* class-action lawsuit include: (1) inadequate numbers of dentists and dental assistants, (2) lack of proper training and supervision of staff, (3) insufficient dental equipment such as examination chairs and x-ray machines, (4) poorly organized inmate dental records, and (5) unreasonably long delays for inmates to receive dental treatment, including prisoners with dental emergencies.

The lawsuit was filed concurrently with a settlement agreement reached between the state and the plaintiffs. The agreement committed the state to implement significant changes in the delivery of dental care services to inmates. The agreement requires the department to implement a number of newly developed policies and procedures at all 33 state prisons over a six-year period, beginning with 14 prisons in July 2006. The agreement focuses on improving inmate access to dental care, as well as the quality of dental care services provided in the prisons. For example, the policies and procedures require the department to treat inmates within specified time frames according to the severity of the dental problem, and set standards of care that prison dental staff must provide.

Staffing Study Required. The settlement agreement also directs CDCR to complete a study of the types and amount of additional staff it will require to implement the policies and procedures according to the schedule in the implementation plan. This study must be completed by June 1, 2006. The department is then required to hire personnel based on the results of the staffing study.

Concerns Raised by the LAO. The LAO indicates that the request is consistent with the settlement agreement. The proposal would add an average of four dentists and ten dental assistants to each of the rollout institutions over the course of the budget year. While the LAO believes that this level of staff seems reasonable in light of the potential workload associated with the settlement agreement, this staffing level is not based on a staffing study as required by the court. According to the department, this is because there was not enough time to conduct the study prior to submittal of the budget request. The CDCR has indicated that a contractor has been hired to conduct the study, which is on track to be completed by June 2006.

Analyst's Recommendation. The LAO notes that because the staffing study is not due to be completed until June 2006, it will probably be difficult for the Legislature to take its findings into consideration as part of the budget process. Consequently, the LAO recommends the adoption of budget bill language that would allow the Legislature to adjust the funding and position authority as needed based on (1) the findings of the staffing study and (2) the department's progress in filling these positions. The LAO notes that the department currently has a 13 percent vacancy rate for dentists and a 15percent vacancy rate for dental assistants. As such the LAO questions whether the department can fill the over 200 dentist and dental assistant positions requested in the budget year. To the extent the department is unable to fill positions in 2006-07, the LAO believes that any unspent funds should revert to the General Fund.

In order to accomplish this, the LAO recommends the Legislature appropriate \$21.5 million in a separate item of the *2006-07 Budget Bill* and adopt budget bill language that provides a total of \$14.2 million to fund the establishment of 124 positions (\$9.3 million) on July 1, 2006, as well as provide one-time equipment and contract funding (\$4.9 million). The language would provide for authorization of the remaining funding and positions after the staffing study is completed and the Department of Finance certifies that the staffing and funding provided in the budget act are consistent with the results of the staffing study. The following budget bill language consistent with these recommendations.

1. Of the funds appropriated in this item, \$14,080,388 is to fund 124 dental staff positions, as well as equipment and contract costs, with a July 1, 2006 start date as part of the *Perez* settlement agreement.
2. The remaining \$7,406,612 to fund 202 positions may not be expended by the California Department of Corrections and Rehabilitation until the Department of Finance provides to the Joint Legislative Budget Committee a copy of the staffing study and a letter certifying that staffing levels are consistent with the findings of the staffing study. The Joint Legislative Budget Committee shall have 60 days to review the staffing study and letter prior to authorizing funding and position authority.
3. Unspent funds in this item shall revert to the General Fund at the end of 2006-07.

Supplemental Report Language. Given the potential magnitude of the state's investment in the prison dental care system in the *Perez* court case, the LAO recommends that the Legislature require CDCR to report periodically on a number of key indicators of its progress in implementing the policies and procedures. This would allow the Legislature to assess the extent to which the investment of public resources is moving the state toward full compliance with the court settlement agreement.

Accordingly, the LAO recommends the Legislature adopt supplemental report language that directs CDCR to annually provide the Legislature information on the inmate dental care delivery system, including dental staff vacancy rates and compliance with the time frames required by the settlement, so that the Legislature may track the department's progress in improving the inmate dental program during the rollout period. The following supplemental report language is consistent with this recommendation.

The California Department of Corrections and Rehabilitation shall provide on December 1, 2006, December 1, 2007, and December 1, 2008 a report to the chairs of the fiscal committees in both houses and Joint Legislative Budget Committee on the status of the implementation of the *Perez* settlement agreement as of June 30 of the prior fiscal year. The report to the Legislature shall identify specific outcomes relating to the settlement agreement and its goal of providing increased access and higher quality dental care services. The report shall include information on dental staff vacancies rates, as well as the number and percentage of applicable inmates at each rollout prison that were (1) provided with an initial dental examination within 90 days of arrival at an institution; (2) provided with subsequent examinations annually or biennially; and (3) seen within appropriate time frames according to their designated treatment priority level.

Staff Recommendation. Staff recommends adoption of the LAO proposed budget bill language and supplemental report language.

Action

18. CDCR Capital Outlay

CDCR Capital Outlay Projects Proposed for Vote-Only				
	Project	Amount	Finance Letter Amount	Total Requested
General Fund Projects				
1	61.01.001 Statewide: Budget Packages and Advance Planning	1,250,000		1,250,000
2	61.01.202-Statewide: Small Management Exercise Yards (MCSP, SOL, WSP, NKSP , RJD)--Construction	3,020,000	(300,000)	2,720,000
3	61.07.029-Folsom State Prison: Convert Officer and Guards Building to Office Space--Preliminary plans	410,000		410,000
4	61.08.049-California Institution for Men: Solid Cell Fronts -- Working Drawings	645,000		645,000
5	61.09.038-California Medical Facility: Solid Cell Fronts--Preliminary plans	387,000		387,000
6	61.09.040-California Medical Facility: Intermediate Care Facility -- Working drawings and construction	5,455,000		5,455,000
7	61.10.036-California Men's Colony: High Mast Lighting -- Construction	1,045,000		1,045,000
8	61.10.049-California Men's Colony: Potable Water Distribution System Upgrade--Construction	32,573,000	990,000	33,563,000
9	61.16.023-Sierra Conservation Center: Filtration/Sedimentation Structure - Preliminary plans	151,000		151,000
10	61.33.003-High Desert State Prison: Arsenic Removal from Potable Water Supply--Construction	6,930,000	1,484,000	8,414,000
11	61.34.004 Ironwood State Prison: Heating, Ventilation, and Air Conditioning System— Preliminary plans	1,690,000	(1,690,000)	-
12	61.35.010-Salinas Valley State Prison: Intermediate Care Facility -- Working drawings and construction	8,491,000		8,491,000
13	61.39.003-Kern Valley State Prison: Arsenic Removal Water Treatment System -- Construction		2,477,000	2,477,000
14	61.06.029-Deuel Vocational Institution: Groundwater Treatment and Non-Potable Water Distribution System--Construction	1,500,000	975,000	2,475,000
15	61.06.029 Deuel Vocational institution, Tracy: New Electrical Power Substation -- Preliminary plans, working drawings, and construction	24,333,000	2,327,000	26,660,000
16	61.30.004-Centinel State Prison: Wastewater Treatment Plant Upgrades--Working drawings	410,000	138,000	548,000
Special Fund Project				
17	61.22.004-Chuckawalla Valley State Prison: Heating, Ventilation, and Air Conditioning System— Construction (Lease Revenue Funds)		38,000,000	38,000,000

Reappropriations	
19	60.26.145-Northern California Youth Correctional Facility: Blast Chiller - Preliminary plans and working drawings. Would reappropriate \$160,000 for this project. The preliminary plans will not be completed for approval of the Public Works Board (PWB) until July 2006.
20	61.03.023-California Correctional Center, Susanville: Wastewater Treatment Plant Modifications—Acquisition. Would reappropriate \$1.4 million for the land acquisition for this project. The delays in this project were encountered in the CEQA process. The acquisition is estimated to be presented to the PWB for approval in September 2006.
21	61.15.027-California Rehabilitation Center, Norco: Potable Water System Improvements – Construction. Would reappropriate \$1.7 million for the construction phase of this project. The working drawing phase will require additional negotiations with the City of Norco and are scheduled for completion in December 2006.
22	61.35.007-Salinas Valley State Prison, Soledad: 64 Bed Mental Health Facility -- Preliminary plans, working drawings, and construction. Would reappropriate \$24.5 million for the working drawings and construction phases of the project. Preliminary plans are scheduled for completion in June 2006. The reappropriation is requested in case there are any delays which delay PWB approval at the June meeting.
23	61.47.002-California State Prison-Sacramento, Represa: Psychiatric Services Unit/Enhanced Outpatient Care, Phase II – Construction. Would reappropriate \$6.7 million for the construction phase of this project. Construction delays with the roof have pushed the estimated completion of construction to July 2006.
24	61.04.040-CCI, Tehachapi: Wastewater Treatment Plant Renovation – Working Drawings and Construction. Would reappropriate \$19.7 million for working drawings and construction. An agreement with the local water district has not been executed. The project is expected to go to bid in September 2006.
Reversions	
25	Item 5225-301-0001, Budget Act of 2005 (Ch. 38/39, Stats 2005): (1) 60.01.130-Statewide: Install Fire Protection Sprinkler System -- Preliminary plans. Would revert \$646,000 for this deleted project.
26	Item 5225-301-0001, Budget Act of 2005 (Ch. 38/39, Stats 2005): (22) 61.39.003-Kern Valley State Prison, Kern: Arsenic Removal Water Treatment System – Construction. Would revert \$2.4 million. Construction funds have been re-requested.
27	Item 5225-301-0660, Budget Act of 2005 (Ch. 38/39, Stats 2005): (1) 61.22.004-Chuckawalla Valley State Prison, Blythe: Heating, Ventilation, and Air Conditioning System – Construction. Would revert \$28.9 million. Construction funds have been re-requested.
28	Item 5225-301-0751, Budget Act of 2005 (Ch. 38/39, Stats 2005): (1) 61.31.002-Pleasant Valley State Prison, Coalinga: Bar Screen, Prelift Station – Construction. Would revert \$925,000. Construction funds have been re-requested.

Staff Recommendation. Staff recommends approval of the vote-only projects.

Action

19. Finance Letter – New Mental Health Facilities.

Under the *Coleman* lawsuit, the federal courts have monitored the operation of the Mental Health Service Delivery System since 1995, and has issued numerous court orders requiring CDCR to take certain measures designed to deliver adequate mental health services to seriously mentally ill inmates. The *Coleman* special master did not accept the plan submitted earlier by CDCR and in January recommended that CDCR submit a plan by April 17, 2006 for acute and intermediate inpatient beds for all seriously mentally ill male and female inmates clinically determined to be in need of those levels of inpatient care. Based on current and forecasted bed need, CDCR has proposed a plan to build 345 acute and intermediate care beds and 350 acute care beds. In addition, the department has proposed to build treatment and program space for 650 existing EOP beds. These beds are not in response to a court order. However, the court has criticized the department for inadequate treatment space for the EOP in previous monitoring. The specific bed proposals are as follows:

- \$4.5 million for preliminary plans for a 64 intermediate care facility mental health beds at California Medical Facility, Vacaville. The proposal includes housing, program space, and support services in response to an order from the *Coleman* court. Total estimated costs for the project are \$59 million.
- \$2.2 million for preliminary plans for a 25 acute and non/acute intermediate care mental health beds at California Institution for Women. The proposal includes housing, program space, and support services in response to an order from the *Coleman* court. Total estimated costs for the project are \$34 million
- \$8.4 million for preliminary plans for 128 Intermediate Care Facility Mental Health Beds at Salinas Valley State Prison. The proposal includes housing, program space, and support services in response to an order from the *Coleman* court. Total estimated costs for the project are \$111 million
- \$7.7 million for preliminary plans for 128-Bed Intermediate Care Facility Mental Health Beds at California State Prison-Sacramento. The proposal includes housing, program space, and support services in response to an order from the *Coleman* court. Total estimated costs for the project are \$101 million.
- \$15 million for preliminary plans for Acute Care Mental Health Beds at California State Prison-Sacramento. The proposal includes housing, program space, and support services in response to an order from the *Coleman* court. Total estimated costs for the project are \$289 million.
- \$250,000 for preliminary plans for Enhanced Outpatient Program (EOP) treatment space for 350 existing beds at California State Prison-Sacramento. Total estimated costs are \$5.6 million.
- \$250,000 for preliminary plans for EOP treatment space for 150 existing beds at Mule Creek State Prison. Total estimated costs are \$2.7 million
- 250,000 for preliminary plans for EOP treatment space for 150 existing beds at California State Prison – Los Angeles County. Total estimated costs are \$2.7 million

Staff Recommendation. To the extent that these requests are consistent with the court orders and the intent to provide additional treatment space for this population, staff recommends approval of the Finance Letter requests.

Action.

20. California Correctional Center, Susanville: Wastewater Treatment Plant Modifications--Preliminary plans

Budget Request. The budget proposes \$1.6 million for preliminary plans for this project.

Analyst Recommendation. The LAO indicates that they recognize that the facility needs increased capacity, however the proposal would double the number of aeration ponds and sedimentation pools. The department could add just one of each and thus reduce project cost.

Staff Recommendation. CDCR indicates that the requested project meets the specifications of the engineers that have advised them on the system. Staff recommends approval of the proposal.

Action

21. Deuel Vocational Institute Wastewater Treatment Plan – Working Drawings and Construction

Request. The budget proposes \$24.3 million for working drawings and construction of a wastewater treatment plant at DVI. A subsequent Finance Letter proposes an increase of \$2.3 million because the department used a 3 percent escalation factor rather than a 5 percent factor that was allowable.

Analyst Recommendation. The LAO recommends rejecting \$23 million from the January proposal and rejecting the Finance Letter, thereby only funding working drawings (\$1.4 million). The LAO cites that the department's historical inability to complete working drawings for large projects.

Staff Recommendation. Staff recommends approval of the proposal and the Finance Letter. CDCR indicates that the current timeline for the project estimates that working drawings will be completed by February of 2007 and the construction will be completed in December 2008. CDCR indicates that a cease and desist order requires completion by March 2009 and that if they have to wait 5 months after the completion of working drawing to start construction that the project will likely extend beyond March 2009 and they would be at risk for fines of a minimum of \$5 million.

Action.

22. California Institution for Men, Reception Center Central Facility, Chino: Electrified Fence -- Preliminary plans

Budget Request. The budget proposes \$713,000 for preliminary plans for an electrified fence project. A Finance Letter adds \$50,000 due to the complexity of the EIR for this project.

Analyst Recommendation. The LAO recommends rejecting the proposal and the Finance Letter augmentation. The department's Spring Finance Letters include a proposal to convert the RC Central Facility from a reception center to a general population facility. As a GP facility, new education and health space will need to be constructed. The current proposal for an electrified fence hugs the facility so closely it would not permit new construction within the fence. It is better to wait until the plans for a GP facility are complete and then begin plans on where to place the electrified fence.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends rejection of the proposal and the Finance Letter.

Action.

23. Minor Projects

Budget Request. The budget proposes \$12.5 million for minor capital outlay projects, including \$5 million related to the Farrell litigation in DJJ.

Analyst Recommendation. The LAO recommends adding Budget Bill Language to state that the \$5 million addition is one-time only. The statewide minor projects funding is provided each year and traditionally the prior year's appropriation is used as the baseline funding. Since the \$5 million is for specific DJJ projects to deal with the Farrell lawsuit, it should be one-time only.

Item 5225-301-0001(16)

Funds appropriated in this item include \$5,000,000 in one-time funding for Division of Juvenile Justice facilities renovations to comply with the Farrell lawsuit.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends approval of the funding and the proposed budget bill language.

Action.

24. Chuckawalla Valley State Prison, Blythe: Wastewater Treatment Plant Improvements -- Preliminary plans

Budget Request. The budget proposes \$455,000 for preliminary plans for wastewater treatment plant improvements.

Analyst's Recommendation. The LAO recommends rejecting the proposal. The proposed improvements would not bring the plant into compliance with the current regional wastewater discharge requirements. The Regional Water Quality Board (RWQB) on April 18th, 2006 found that wastewater discharge violations are taking place at Chuckawalla as the prison is not sufficiently treating salt-waste from the drinking water treatment plant. The RWQB placed on hold the previous offer to allow the prison a less restrictive wastewater discharge permit and is investigating the facility. To deal with the salt-discharge of 200,000 gallons a day, Chuckawalla may have to build additional wastewater treatment capacity and purify its wastewater more than it is currently doing.

Staff Recommendation. Staff recommends holding this issue open pending additional information.

Action.

25. California State Prison, Corcoran: Wastewater Treatment Plant Improvements--Working drawings

Budget Request. The budget proposes \$220,000 to fund working drawings for wastewater treatment plant improvements at Corcoran. The Administration also proposes a Finance Letter requesting an addition \$44,000 due to increased costs associated with the electrical system needing more design effort because of the need to change out the existing transformer.

Analyst's Recommendation. The LAO recommends rejecting the Finance Letter augmentation. The LAO does not believe that the department has not sufficiently justified the cost increase, and notes that if construction cost increases, that does not mean an automatic increase in design costs, as well.

Staff Recommendation. CDCR indicates that the original budget request underestimated the funding needed to complete the working drawings for the project. Staff recommends approval of the Finance Letter.

Action

26. Pleasant Valley State Prison: Bar Screen, Prelift Station – Construction (1990 Prison Construction Bond Funds)

Finance Letter Request. This Finance Letter requests \$1.5 million for this construction project. The proposal indicates that the existing lift station is unable to effectively remove bulky debris from wastewater before it is pumped into the wastewater plant.

Analyst's Recommendation. The LAO notes that the 2005-06 budget appropriated \$925,000 for the construction of this project. Those funds are proposed to be reverted. The LAO believes that the department has not sufficiently justified why the \$925,000 appropriated for this project in 2005-06 was not enough for construction. The construction inflation for the last year has been 10%, not enough to justify 61% increase.

Staff Recommendation. Staff recommends approval of the project. CDCR indicates that the Inmate Labor program underestimated the cost for this project. CDCR indicates that delays to rebid the project will create delays which will increase the costs for the project.

Action

27. Statewide: Right Prison/Right Mission -- Studies

Finance Letter Request. This Finance Letter proposes \$750,000 for studies to potentially relocate reception centers from three older institutions (San Quentin, DVI, and California Institute for Men) to three newer institutions (CCSP Solano, Pleasant Valley, and CSP Los Angeles).

Analyst's Recommendation. The LAO recommends rejecting the Finance Letter. The department would use the funds for environmental review and budget packages. However, environmental review is traditionally funded as part of the preliminary plans. Also, the department receives approximately \$1.25 million/year for budget packages already. The department also knows what it wants to achieve with the study so it should move to preliminary plans directly rather than doing another study.

Staff Recommendation. Consistent with the LAO recommendation, staff recommends rejection of this Finance Letter.

Action

28. Statewide: Habitat Conservation Plan

Finance Letter Request. This Finance Letter proposes to reappropriate funds for the habitat conservation plan. This appropriation was established to mitigate impacts resulting from the installation of electrified fences at various institutions. CDCR indicates that both the Department of Fish and Game and the United States Fish and Wildlife Service have issued the necessary permits. The CDCR indicates that due to the complexity of the project, this reappropriation is necessary to complete all phases of the project.

Staff Recommendation. These funds were originally appropriated in the Budget Act of 1998 and have been reappropriated in the Budget Acts of 1999, 2000, 2001, 2002, and 2003. Staff recommends that the Subcommittee direct the CDCR to provide written information to the Subcommittee that provides a detailed explanation of the reasons that funding originally appropriated in 1998 has not yet been spent, and provides a timeline for the expenditure of the remaining funds.

Action.

29. Capital Outlay Project management.

All CDCR capital outlay project costs include funding for project management, which is paid to a single consulting firm that the department has had a standing contract with since 1982. The role of the project management firm includes acting as a liaison between the department and the Architecture & Engineering (A&E) firm, as well as reviewing the work of the A&E firm.

In the LAO's review of proposed mental health capital outlay projects the LAO has grown concerned over the funding for project management. The funding is determined as a percentage of construction cost, and traditionally has been approximately 5 percent of construction (not part of base construction cost). However, with a preliminary analysis the LAO believes that 5 percent funding appears too high. The LAO has discussed these numbers with the department, and CDCR agrees that the funding may be excessive for the mental health capital outlay projects.

The LAO believes that further information is needed for the Legislature to ascertain if the project management funding level is justified. Information on what the real project management costs have been for past projects is needed before a determination can be made whether the project management 5 percent funding should, on a prospective basis, be reduced. Instead of arbitrarily reducing the budgeted amount in the 2006-07 budget proposals, the LAO recommends adopting the proposed SRL so that further analysis can be done for future proposals.

Item 5225-301-0001 - California Department of Corrections and Rehabilitation

The California Department of Corrections and Rehabilitation shall provide the Chair of the Joint Legislative Budget Committee by September 1, 2006 a report that details the number of hours and related expenditures on external consultants for project management during each phase (Study, Acquisition, Preliminary Plans, Working Drawings, Construction) of each of the capital outlay projects undertaken in the last three (3) years.

Staff Recommendation. Staff recommends approval of the supplemental report language proposed by the LAO.

Action.